**The Breakthrough Advisor Episode 73 Transcript**

Voiceover (00:00)

Welcome to The Breakthrough Advisor Podcast. In this podcast, we inspire advisors with ideas and pathways to break through barriers and build a thriving retirement income business. We will interview innovative technology developers, business leaders, and successful advisors, then help you organize and execute these ideas to move your business forward.

Jack Martin (00:34)

Hey folks, this is Jack Martin. I'm the virtual CMO within InsurMark. I want to welcome you today to the Breakthrough Advisor podcast. This is where advisors from all over the country are coming to check out what they can do to level up their business. And today I couldn't be more excited to have Mary Beth Franklin. And many of you know her and love her. She's iconic in terms of our financial services space. She's the retirement, excuse me, the social security planning go -to expert. Marybeth, welcome to the Breakthrough Advisor podcast.

Mary Beth Franklin (01:03)

I'm delighted to be here, Jack. Thanks for the invitation.

Jack Martin (01:06)

Absolutely. Thank you very much for joining us. So maybe you can catch the two or three people who are going to listen to this who don't know who you are up a little bit on your journey, how you got to where we are today. we'll get into the banner behind you as soon as you finish your update. So catch us up.

Mary Beth Franklin (01:27)

Well, I am a certified financial planning professional, but I did not come up through the traditional route. I've actually been a journalist for more than 40 years, always based in Washington and always writing about money, starting with back in the 1980s, covering things like Social Security reform. It's certainly a topic that has fascinated me for decades. Move forward, I was the tax and retirement editor at Kiplinger's Personal Finance Magazine. I had a syndicated newspaper column for and about

the finances of older people that ran on about 200 newspapers. And I spent the last decade writing for financial advisors through the investment news publication. And during that process, I became a certified financial planner myself because I felt I could better address the needs of my audience if I had the same credentials. So I don't take individual clients. My business model has always been

answering questions for financial advisors, often on behalf of their clients, about the important parts of retirement income that many financial advisors could use a little help with. Things like Social Security claiming strategies, Medicare, the costs, the rules. And I made it my business in about the decade I wrote for Investment News to create a community for advisors saying, hey, send me your questions about Social Security and Medicare if I don't know it off the top of my head.

I will research it and then I'm going to write about it so we all learn the answer. And I think I have done a little bit in educating the financial advisor community about this very important part of secure retirement income.

Jack Martin (03:09)

You know, and think that's why a lot of us love reading your work and talking with you is because you live within this intersection of consumers and advisors and kind of taking, you know, some of the mystery out of things that I guess as advisors, we sometimes overcomplicate. You know, I'm not saying that advisors are prone to do that or anything. And the other thing is, hey, kudos on the CFP. So three decades myself as CFP, now emeritus.

love that they've got that program, so I don't have to do the CEs anymore. And so it's a great deal. But that's not why we brought you here. So the Social Security and You program, tell us a little bit about your recent PBS experience. For those of you who don't know, Mary Beth did a great program with the Maryland Public Television, I think, and it recently won an award.

Tell us how that all came together and what that was like.

Mary Beth Franklin (04:08)

Well, it was a great experience. Maryland Public Television is one of those public television stations that originates a lot of educational content. And the producer there had seen my videos on YouTube and other places and had apparently a focus group of Maryland Public Television viewers. And they were asking about what topics did they want to learn about? And one of them was social security. And then they showed a bunch of videos and said, who would you like?

to teach you about social security. And apparently I was the overwhelming favorite, which was, you know, wonderful kudos. So they came to me and said, we would like to produce this one hour special for our public television viewers. And frankly, I didn't know what to expect. You know, I've been a big public television supporter for years and thought of it as, you know, like a college radio station on a shoestring. And I got to the beautiful Maryland public television studios where there was a crew of about

200, I'm sorry, 20 people and cherry picker cameras and live studio audience. So I was just wowed. I think it was a challenge to them because they're used to people reading from scripts. And if you've ever seen me present while I tend to work from an outline, I never know what I'm going to say next. You know, something about social security, but I never say it the same way twice. And when you are recording a television program, you often have to do it

two or three or four times so they have background that they can splice together. And I think they did a great job, but considering I never said the same thing exactly the same way twice, I think it was a bit of a challenge for them. But it's been running all over the country and will continue to run through 2025 and they've been getting great response to it. So I'm quite pleased. And it also just recently won something called the TELI Award.

which is available to various forms of broadcast media, whether it's online or through traditional television. And for my educational content, I got a telly.

Jack Martin (06:15)

Awesome, so is the telly setting on your mantle now next to your Emmys?

Mary Beth Franklin (06:15)

Yeah.

If you let me reach across one second, I'll show you. Hold on.

There we go. We have a telly. Not bad. So if anyone tries to sneak into my home office in the middle of night, I can also protect myself with this. It's really heavy.

Jack Martin (06:28)

nice, very nice. Congratulations, way to go.

multitasking. like it. I like it. Well, that was that must have been really fascinating. So I know you like to work from an outline, but what was the what was the engagement with the audience like? Did that come into play? Were there questions? Did you get any feedback from them? I mean, what was how was that?

Mary Beth Franklin (06:59)

There were lots of questions. Actually, the night it was filmed, it was in December a year ago. And unfortunately, we were in the middle of an ice storm. So the audience was not quite as large as we had anticipated, but they were certainly engaged. Lots of questions. And as typical of all the presentations I do, most of the questions tend to be from married couples, how do we maximize our self -security benefit by coordinating our claiming strategies, and from divorced ex -spouses.

How do I collect on my ex? And that's my favorite part of talking about self -security. I tell people, you know, there are more than 2 ,700 rules that govern your self -security benefits. And certainly financial advisors should not think they have to know all of them. They just want to know the key points. But what I tell people is the key thing for divorce spouses to keep in mind is you must have been married at least 10 years. You're one day short of that and you will get squashed.

So you must be married at least 10 years, divorced and currently single. And if your benefit as a spouse is larger than your own retirement benefit, you would be able to collect the larger the two amounts. The other important thing is if your ex dies, you may be eligible to collect survivor benefits. And as a reminder, spousal benefits while they're alive are worth up to half of that worker's full retirement age amount.

A survivor benefit is worth 100%, so yes, your ex is worth twice as much dead than alive. But I bet you knew that anyway, right?

Jack Martin (08:35)

Well, that's one of those nuggets that, you I'm sure there's an advisor listening to this who says, I can't wait to drop that at the next cocktail party. But you know, that's a different story. So that's super interesting. So what was the demographic like in the audience for you?

Mary Beth Franklin (08:51)

Well, definitely generally a 60 plus audience, people who are starting to think about retirement. It was filmed in Baltimore, so we do get a lot of spillover of the federal workforce. And there are people who, if they've worked for the federal government the whole life under the old civil service retirement system, they did not pay into social security. They may have earned social security benefits.

if they worked in the private sector, but different rules apply. So we talk about some of those government offset rules that were windfall elimination provisions that your estimated benefit statement may say you're getting X, but you might not get that much if you have a public pension based on work where you did not pay FICA taxes. So lots of interest like that. And there were actually a few younger people in the audience. They're interested of what they could tell their parents maybe or the classic

Well, is Social Security going to be there for me in the future?

Jack Martin (09:48)

So let's park on this idea of the next generation for just a second, then we can come back to some other advice for boomers like myself. So for the next generation, I think that they are in a perfect position to do planning for this. Whereas someone who is in that last two to three to four years before they have to make that decision really is more in a reactive posture.

So what's your thought? What wisdom would you share with the next generation with respect to social security and planning for it? So let's think about Gen X. So the oldest Gen X, I think, is approaching 60. So maybe there's some... What kind of guidance would you give them? And really, you're speaking to advisors who are going to be giving that advice. So what would you say to the advisor themselves about that?

Mary Beth Franklin (10:47)

Well, first of all, the future of self -security. We all know there's long -term financial problems. And if Congress did nothing in the next 10 years, which I don't think will happen, there would be a possibility of across the board cut. Now, Congress knows that older people vote in higher percentages than the rest of the population. I do not foresee any member of Congress saying to a senior voter, I'm going to cut your benefits across the board by 17%. I just don't see it happening.

So I say to financial advisors, **you can be fairly certain that your clients who are currently collecting Social Security or say within 10 years of collecting Social Security could probably rest assured that they will get the benefits they have been promised. I don't know how Congress will do it, but there will be a solution sometime in the next 10 years. If I have people younger, say 55 and younger, but mid -career,**

**I'd say, well, let's stress test your retirement income plan. And let's say worst case scenario, the portion of your retirement income plan that would be funded by social security benefits. Let's reduce that by 20%, not your entire retirement income plan because you're going to have retirement savings, maybe an IRA, maybe a pension, maybe an annuity, just the portion that represents your social security benefit. If that was reduced by 20%.**

**What do we need to do now in the next decade or so to make sure you would have a secure retirement?** As far as the youngest workers, I agree with you. I think they're in a very good shape from a planning standpoint. One, very few of them will ever see a pension and they know that. Two, they're going to work and if they have a workplace based retirement plan like a 401k, they are probably auto enrolled in that. They are probably auto escalated each year.

and they probably have a default investment option. So they're probably in better shape than other generations were at that age as far as getting in early on saving for their future retirement. And I would just save to them, save as much as you can for as long as you can, and the rest will take care of itself. I think younger workers as well can really benefit.

If they're in lower tax brackets to be funding a Roth IRA or Roth 401k rather than a traditional retirement plan. And also if they have a health savings plan at work, that is a great triple tax break of how to save money. And if possible, just let that health savings account balance build and roll over from year to year because basically it can act as a Roth IRA for your healthcare costs and retirement.

Jack Martin (13:35)

So I forget who said it, but as we're recording this podcast, we're in what a lot of folks call the silly season. Okay, so we're in that election countdown mode. So we're getting blasted with political ads. And so for sure, we're hearing so -and -so voted to increase the retirement age on your social security. And so -and -so says, you're not gonna have to pay tax on your social security.

This is really a big deal and dancing around the subject of social security, fully understanding that unless something's done, there's gonna be pain. It's interesting to see how everybody's posturing. So you're there near the nexus of all this silliness. So what are you hearing about? Are you hearing anything sane about what people are gonna do with respect to social security?

Mary Beth Franklin (14:30)

I tend to be more reflective as a former Capitol Hill reporter for United Press International who covered the last major social security reform in 1983. And the situation was very similar in that the social security was in danger of not being able to full benefits for the first time. We had Ronald Reagan, a staunch Republican in the White House. We had Tip O 'Neill, Speaker of the House Democrats in Massachusetts, two powerful politicians who did not agree on anything.

but they knew how important Social Security was to the voting public and they knew they would fix it somehow. Now in that case, again, a divided Congress like we have now, they decided to have a third party bipartisan commission, which was actually led by Alan Greenspan long before he was chairman of the Federal Reserve Board to come up with a package of proposed solutions that Congress would then have an up or down vote. And that's ultimately what they did.

I could foresee it happening again because it's such a contentious issue and it would require strong leadership from the White House, regardless of who's in the White House, and bipartisan cooperation on Congress, which we haven't seen for quite a while. There's a lot of opposition to the idea of appointing a third party commission like before, because they feel like this very important decision is being left to people who are not elected officials.

But the reality is we have to be able to break that gridlock and get some sort of solution. And as usually happens, Republicans tend to hate tax increases, Democrats tend to hate benefit cuts. So we're to have to make sure both parties are equally unhappy and do a little bit of both. I think you will hear things like, well, maybe we will gradually raise the full retirement age. Now keep in mind, self -security is more than 89 years old.

And since it's the beginning, the full retirement age has only been raised by two years. And that has not taken full effect yet. From 65 when the program was created in 1935 to eventually 67 for people born in 1960 or later. That's a two year increase over almost 90 years where our lifespans have increased so much more than that. The argument being people in...

labor intensive jobs like construction or working retail or restaurants. Their bodies are pretty broken down by 65 or 67 and maybe they can't wait any longer. But I think you will see some things tinkered on the benefit side. You hear things about, well, we only pay payroll taxes, our employers and employees, up to a certain taxable wage base. Right now it's $168 ,600. You make that much money, you pay

a FICA tax on all your wages. You make more than that. You do not pay FICA taxes on those excess wages. The problem is back in 1983, when we fixed this the last time, the commission said as long as 90 % of U .S. wages are taxed for FICA purposes, Social Security will never run out of money. The problem is income inequality. So many people make so much more than that maximum taxable wage base.

who are not paying FICA taxes on those excess amount that now only about 82 % of US wages are being taxed for FICA purposes. So do you hear a lot about what about if we either take the cap off that completely or if we raise it to eventually get that back up to 90 % of US wages and you would be looking at FICA taxes on about $350 ,000 of earnings a year.

So **you're gonna hear things on taxes, you're gonna hear about tweaks about the benefit formula, is the way the cost of living adjustment applied, is that fair, is it adequate? What about the oldest old people who are 85 years old and they've been on benefits more than 20 years? Is that inflation adjustment really keeping up with their cost of living? Do they need an added bump? What about people who leave the workforce to care for their kids or their elders?**

**Should they be getting some sort of pseudo social security credit for this in lieu of work? So there's lots of ideas out there. And the chief actuary of the Social Security Administration reports on these, the various bills. There's over a hundred bills kicking around Congress of different things to change. And anyone can go in and read about these proposals and look about, if we did this and this and this, how would we fix it?**

**We could just raise taxes all at once and solve the problem immediately, but politically that's not going to happen.**

Jack Martin (19:15)

Correct, correct. So what you were just saying, know, and if I'm thinking about your audience that you were talking to at the PBS station, probably none of them had a really adverse reaction to those proposals, all right? Probably their children would have had the adverse reaction, right? So that kind of tells you politically the direction that this is headed in, right?

This is headed to the direction of the younger generations, the next generations, having some change in benefit, some change in the premiums they pay into the system. Fair summary?

Mary Beth Franklin (19:58)

And it's key to keep it equitable. If you're going to ask these people to be paying more in taxes over their careers, you want to make sure their benefits are commensurate with those taxes. Another thing that's very controversial, but the fact is when the program was first created back in 1935, and again, it was a start -up program if you think of it that way, there were 35 workers to support every one retiree.

As the program has matured and the workforce has changed, it's switched to 10 workers per retirees. We are now down to about two and a half workers per retiree, which puts a big burden on the worker. One of the solutions to this is increased immigration. When we have more people, immigrants tend to have larger families, they tend to be younger. We have an aging population and an aging workforce by having more

legally resident immigrants paying into the social security system, it boosts percentage of people in the workforce that are supporting retirees.

Jack Martin (21:06)

In years past, there were some changes in the process of applying for your Social Security, right? There was, I think it was a suspended application situation, you know, where you could put one in, start a claim and, you know, get benefits at a certain level and then withdraw that. I may have the words wrong, but I'm sure I know you get the concept.

But are there any of those kinds of changes that are on the horizon now or are the rules that we're working under in 2024 going to be the same rules we work under in 2025 and after? What do you think?

Mary Beth Franklin (21:43)

Well, basically at this point, many of the creative claiming strategies, for example, for married couples where one spouse could claim a benefit and the other could claim only as a spouse for a certain amount of time and then switch, all those have essentially gone away. So at this point, when you apply for Social Security benefit and say you're married and you have a benefit on your own earnings record and technically you're entitled to a spousal benefit because you're married to someone who has a Social Security benefit,

you will, whenever you apply for your benefit, you are be quote, deemed to apply for all available benefits. Meaning if you're entitled to more than one benefit, you will get the higher of the two amounts. You no longer get to choose. Accept, and this is a big accept. People who have their own retirement benefit based on their average lifetime earnings and who are widowed or a widower. So they were married, their spouse has died.

they're now entitled to a survivor benefit as well. Retirement benefits and survivor benefits are essentially two different pots of money. And depending on your age and your situation, you may be able to claim one type of benefit first and switch to the other larger benefit later. And this is something I really want financial advisors to tuck into the back of the mind. If I have a widowed client, let's look at the possibility of her collecting her harms.

her own social security retirement benefit, and then maybe a survivor benefit. The key thing to keep in mind is which is the bigger of the two benefits. And I want to collect that bigger benefit later. So I'm going to have that for the rest of my life. The other thing to keep in mind is how soon am I eligible for benefits? So let me give you an example. Let's say I'm a young widow. I'm 62. My husband has died. So therefore I'm entitled to a survivor benefit.

but I also work long enough to earn my own retirement benefit and I'm not working at the moment. I may want, and the survivor benefit is the bigger the two benefits. So I want to hold off on that. So since I'm not working, I may want to claim my own reduced retirement benefit at age 62, which is the earliest I can claim a retirement benefit and collect that reduce amount until I reach my full retirement age of 67.

And even though I collected my retirement benefits early and those retirement benefits are permanently reduced, it will have no impact on my survivor benefit if I wait until my full retirement age to claim it. So I would collect a reduced retirement benefit first at my full retirement age of 67. I'm now going to switch to my survivor benefit and that's what I'll collect the rest of my life.

Well, let's say, flip it around. I've got a business executive. He lost his wife to breast cancer in her 40s. He's entitled to a survivor benefit, but it's going to be smaller than his retirement amount and he's still working. So what should he do? I would tell him to wait till his full retirement age. Let's assume it's 67 for two reasons. Survivor benefits are worth the maximum amount if you, the survivor, collect them at your full retirement age.

they do not continue to grow by 8 % a year the way a retirement benefit does. So I want to collect my maximum survivor benefit at my full retirement age, even if I'm still working because any earnings restrictions go away at my full retirement age. In the meantime, my retirement benefit does continue to grow by 8 % a year, earning these delayed retirement credits up until age 70.

And then at age 70, I would switch to my maximum benefit. So **the things I would say to financial advisors is one, realize that retirement benefits and survivor benefits are two different pots of money that you may be able to claim one first and the other one later. There are different ages for maximum benefits. A survivor benefit maxes out at my full retirement age. My retirement benefit maxes out at age 70.**

**I don't want you to be one of those advisors who said, yes, I told my widow client to wait till 70 to get the biggest survivor benefit possible. No, that is wrong. Her biggest survivor benefit is at her full retirement age. And the other piece to understand is these benefits are available at different ages. You must be at least 62 to get a retirement benefit on your own record or a spouse's record. You can be as young as 60.**

**and claim a reduced survivor benefit.** And if you are a widow caring for minor children or a disabled adult child and that parent had died, you can collect benefits as a caregiving parent, regardless of your age.

Jack Martin (26:39)

So what mentally I was capturing there is if I'm an advisor talking to an audience or if I want to talk to next generation, three things I want to make sure I'm talking about are, of course, optimizing your claiming strategy, right? So there's technology to do that. The second one that I heard you talk about was the divorced spouses.

and when to claim that. Unfortunately, I think still half the marriages in the United States fail. And so that doesn't pay any attention to age. even next generation, probably more so than older generation would be receptive to a message about that. And then you have the surviving spouse situation. And so in each of those...

There's a little bit of a nuance to that that I think people would would appreciate understanding. Did I get those about right?

Mary Beth Franklin (27:39)

Yes, those are definitely key points that advisors like to discuss with their clients.

Jack Martin (27:44)

Okay, so let's look at this through the lens of a consumer now. Okay, so you've heard from lot of consumers, they've written to you, they've talked to you and so on. So what is it that they say the advisors are missing? Are they getting social security advice from their advisors? Are the advisors giving them enough social security advice? Is it confusing the way they're giving it to the consumers? **What do you hear from consumers about?**

**how advisors are serving them with respect to the social security planning question.**

**Mary Beth Franklin (28:16)**

**I think there's a disconnect when you see various surveys, often done by financial services companies. know MassMutual does one each year on social security. It's sort of an IQ test. What do people know about social security benefits? And in general, consumers are failing that quiz dismally. Some of them are getting at 30 % or 40%. But they really do want this information from their financial advisors, and they're not always getting it.**

**And I think for financial advisors, it is such a great educational tool. think the social security and Medicare seminars for existing and prospective clients are so powerful because it's strictly education. You are not selling anybody on any sort of financial product.**

**and you're answering some of the most important questions.** And the takeaway tends to be, well, that advisor was really helpful to have me think about what I should do about Social Security or perhaps Medicare. Maybe I should go in and talk to him or her about the rest of my retirement income plan. I don't know if you know the name Jack Sherry of LifeYield, but he has this wonderful quote that Social Security is the gateway drug of financial planning in a good way.

If you talk about Social Security, is just going to open up the entire conversation of retirement income.

Jack Martin (29:40)

So when consumers then have those conversations with their advisors, are you getting any feedback from consumers about how those advisors are, how those conversations are going? Are they satisfactory or do they find them wanting? Do they come away confused? You know.

Mary Beth Franklin (29:50)

Well, I

I think it's a very individual, if you're an advisor who's well versed in this topic and you are addressing this with your clients and they're walking away happy, you're doing a great job. If you're an advisor who's not comfortable with this topic and yet your client still wants to talk about it, there are third party services out there that can help you, that can triangulate, get on the phone with you and your client and the social security expert to...

discuss and analyze their best social security claiming strategy. And if necessary, go ahead and file the paperwork for them. That is a great service for financial advisors to offer if they are not comfortable doing it themselves. I did see a lot of enthusiasm over the past decade when there were more of these creative claiming strategies available to maximize lifetime benefits, particularly for married couples.

As those quote, social security loopholes have closed, I've seen a dwindling interest among financial advisors of, well, why should I keep up on all these details? There's not a whole lot I can tell my clients. I think that's a mistake. It is still one of the few sources of guaranteed income for their clients that will last the rest of their lives and is cost of living adjusted. So I think it really is worth paying attention.

and educating yourself as an advisor, educating your clients. And if you don't feel comfortable with that, call in the Calvary and have someone help you with this education because I think it's important.

Jack Martin (31:28)

So to Jack's point about the gateway drug, something you said earlier, I think is super powerful. And that is this notion of stress testing your retirement. So particularly for the next generation where the flow from social security might not come at the time that it did for their parents or at the same rate that it did for their parents or whatever. And so now as you start to think about, okay, so how's this gonna look for me? It looked like for me financially,

this notion of stress testing retirement really puts the advisor in a holistic position, right? To say, okay, if we're gonna stress test your retirement, let's talk about, you know, what are all the moving pieces? What are the parts that you have, right? Isn't that kind of what you're talking about?

Mary Beth Franklin (32:09)

Exactly. And that puts the advisor in the position of, let's analyze the problem and let me as your advisor suggest various solutions, different paths we could take to make up for this potential shortfall. To just give you an idea, when the full retirement age was 65, and back in 1983, Congress passed this social security reform package that would gradually ease the full retirement age to 67.

Okay, that has taken more than 40 years to phase in that change, which I think is an example of excellent public policy. The American public can adapt to anything if you give us enough time. I don't think it was good public policy several years ago in 2015 when Congress passed this budget, I'm sorry, budget act that included these social security changes.

that basically one of the creative claiming strategies would go away after about four months and the other would be phased out over about four years, depending on your birth date. Those were people, many of whom had already planned, had baked those social security claiming strategies into the retirement income plan and suddenly the rules changed. I think that was fairly short notice and not a good example of good public policy.

Jack Martin (33:33)

Yeah, I couldn't agree more. another thing that you just said was guaranteed income. So Social Security is really the ultimate guaranteed income, right? Guaranteed by the federal government, cost of living, adjusted, and so on. And it's interesting. There was just an article I was reading this morning, some work BlackRock did with retirement plan participants. And they found that four out of five participants

had heard from a retirement plan advisor about guaranteed income, but less than half of them understood what that meant. So **as you start to figure out, so how do I explain to them what guaranteed income is, social security is a great thing to point at, right? It's kind of like...**

**Mary Beth Franklin (34:19)**

**I think it's a great teaching tool. you're trying to talk to a client about the concept of annuity, they may hear that word in their head spins. they're expensive. They're complicated. There's lots of fees. But you say, wait a minute, Social Security is essentially an annuity. You will get a monthly check every month for the rest of your life, no matter how long you live. This is essentially an annuity. And people have warm, fuzzy feelings about Social Security because they have, they're**

**vested in it. They have paid for this benefit throughout their career in the form of FICA taxes, and they very much expect to have that benefit when they retire**. So I think for financial advisors to use that as an example of guaranteed income and the whole sleeping well at night, you you and I were joking before this broadcast of me playing pickleball, which I do several times a week, and it's often with retirees. And I cannot tell you

How many people say to me, finally got my self -security check. Boy, it feels so good to see that in my checking account each month. between that and my pension, I really don't have to worry about my monthly bills. I think when people are saving for retirement in their working years, it is just so abstract. I'm just saving this money and it's going to be there in the future. But they have no idea of how satisfying

it is to know there is a guaranteed monthly amount for them to spend, regardless of what's going to happen, regardless of what's happening in their investment portfolio. And I think it's a real solid argument for having guaranteed or predictable sources of income to at least cover your fixed costs in retirement. And then you could use drawing down your investments for the wants as opposed to the needs.

But really there is almost a mental switch that goes off when you retire that the idea of guaranteed income is really very secure feeling.

Jack Martin (36:23)

100%, 100%. I know that from my parents and from other folks that are retired drawing social security today. So absolutely same feeling. And this has been really interesting. And folks, if you followed along, there are at least two strategies here to help you get to the next generation to unlock that. One is this idea of stress testing and retirement in case there's a change in social security benefits legislatively in the future. And the other is using social security as a model to talk about guaranteed income. So thank you very much for those.

Before we jump off, so what are a couple of things outside of writing columns, doing PBS shows, talking about social security that Mary Beth Franklin does that might surprise our listeners?

Mary Beth Franklin (37:06)

Well, I love to travel and I called this 2024 as my plan B year. This was going to be my first year of phased retirement. I would still be doing my webinars and in -person presentations, but I had given up my weekly newspaper column. So it was the first time in more than 40 years, I didn't have a weekly deadline. And I'm really enjoying that, to be honest. I'm still very involved with the certified financial planning board of standards on their women's initiative, how to get more women and people of color.

as certified financial planners because the fact is it's a profession who for many, many years is what we called old, male and pale. And that was fine as long as that's what your clients look like. But increasingly your clients may be female, maybe people of color, different cultures. And frankly, they would like to talk to someone that looks and sounds like them. So it's a great business model of how to increase the diversity of our certified financial planning professionals so that they can serve.

and increasingly diverse customer base. It's just, it's good for business, it's good for the profession, and it's good for the clients. So I said, it's my plan B, because the first thing I wanted to do was I had three ski trips scheduled for January and February. I do love to ski. The only problem was I broke my leg on the first one in January, 2024. So I was a bit laid up for a few months. And I even went to Florida in March, did a couple of speeches.

Jack Martin (38:23)

Thank

Mary Beth Franklin (38:33)

clumping around in my orthopedic boot. Then I did my PT. I was ready to go, took a big planned trip to Europe with my husband and a few other couples and had my purse stolen on a train from Budapest to Vienna. And no one wants that to happen. But I will say with technology and with a very helpful staff at the US Consulate in Vienna, I was able to get an emergency passport. And then I...

because I had a backup device with me. I had an iPad with stored passwords while I was on the train from Budapest to Vienna. I was able to cancel credit cards and debit cards and apply for replacement driver's license and fill out the paperwork for the embassy. So no one wants those things to happen, but you just address the situation as any kind of travel. You never quite know what's going to happen. It's like, okay, that's gone. What can I do now to fix this? So this has been my resilient year, I think.

Jack Martin (39:33)

Those are great stories. That's a long train ride, it sounds like. That's awesome. **Any last nuggets of wisdom you want to drop before we check out?**

**Mary Beth Franklin (39:42)**

**No, I just think don't underestimate the value of social security, both as a piece of secure retirement income for your client and as a teaching tool of how to look at a more holistic retirement income plan for your clients, whether they're young or old. And I also would encourage financial advisors to have at least some working knowledge of how Medicare works, particularly in terms of the cost involved, because how much your clients are paying for Medicare**

**it depends on the amount of income they have in retirement and the types of income. And if you go over a certain threshold, now you're going to pay more per month for Medicare Part B than your neighbors are for the exact service.** And that's one of those arguments that perhaps before you turn 63, because once Medicare looks at what things cost, they look back two years to your last available tax return.

Maybe those are the years you might want to do some Roth IRA conversions. So in the future, you can draw some money from your fully taxable retirement accounts and some money from your tax -free Roth IRA accounts to hold your overall income below certain thresholds so you won't be paying these high -income surcharges.

Jack Martin (40:59)

Listen to you dropping a little taxes and retirement wisdom. Way to go. Bonus credit, folks. Hey, it's been awesome. Really enjoyed talking with you, Marybeth. Hey, folks, this is Jack Martin signing off for the Breakthrough Advisor podcast. Thank you for joining us. Please share, like, comment, subscribe to the podcast wherever you get your podcasts delivered. Thank you very much. And until next time, have a great day.

Voiceover (41:31)

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